Special report
Grumman
Plane News

BETHPAGE, N.Y., APRIL 8, 1971 - - Yesterday, somewhat misleading articles about F-14 production, and current and projected costs for the aircraft appeared in various publications.

The articles made reference to Grumman's financial condition, comparing it, unfairly, with a major aircraft manufacturer in financial difficulty.

Referring to allegations contained in the articles, Chairman of the Board Lew Evans and President Bill Zarkowsky declared today that:

. Grumman Aerospace Corporation is presently contracted to produce a total of 38 F-14A aircraft.

. In spite of the crash of the first F-14A last December, Grumman anticipates no problem in producing the aircraft and introducing it into the Fleet very close to the date originally contemplated.

. It is also expected that production of those aircraft presently under contract will be profitable.

. With respect to additional production aircraft not yet contracted for, Grumman has already advised the Department of Defense and the Department of the Navy that production prices would be higher because of the impact of abnormal inflation and the decrease in defense business since 1968, both of which have been very substantial and not contemplated by either the Government or the contractor. Grumman pointed out that prices originally established in December 1968 for production of such aircraft would not be in the best interest of all parties to the contract.

Grumman has no way of evaluating projected cost growth resulting from such inflation into the future, and cannot account for the reported cost figures until contracts for future Lots of aircraft have been negotiated.

. When comments are made regarding cost overruns, it is important to note that Grumman expects to complete the F-14A program at a significantly lower number of manhours than was originally proposed. It is also important to note that any total dollar increases that may be incurred are the direct result of wage and inflationary factors, which have impacted all segments of American life since 1968.

. In addition, Grumman is responsible directly for only 47% of the F-14A's flyaway cost rather than the total amounts that were implied in the articles.